



Budget Expectations: IDSA seeks incorporation of excise & service tax to GST and policy reforms

With Budget 2012-13 just a few days away, Indian Direct Selling Association (IDSA), self-regulatory industry body championing the cause of direct selling sector emphasising on the expectations from the budget.

Ms Chavi Hemanth, Secretary General, IDSA, said, “The Direct Selling sector is interested in boosting sales volume by reducing product prices and while inflation is one factor keeping prices high, the other big factor is the manufacturers need to pass on high indirect taxes to the consumers”.

As far as FMCG sector is concerned with respect to direct selling industry, the increase in raw material cost, new packaging norms and fluctuation in the currency will have an effect on industry growth.

Ms Chavi Hemanth points out, “Indirect tax reform is necessary to improve indigenous competitiveness and reverse deceleration in manufacturing”.

Mr Yoginder Singh, Chairman, IDSA mentioned “The direct selling industry will be benefited by GST as it will not only bring simplification but also regularity in the supply chain making it more efficient. CST rate should be reduced as well as incorporation of Excise & Service tax to GST will create Indian common market. Various other duties/taxes like National Calamity Contingent Duty, Education Cess etc. to be integrated with basic excise duty rate in preparation for GST. GST should include all taxes on goods and services.

Further he emphasised, “There should be a clear provision to determine tax jurisdiction under State GST in case of inter-state services”.

Ms Hemanth Stated that Government must retain the current Excise duty rate which is at present 10%. An Increase of 2% may be seen this year. Anything over and above will become a matter of concern from Industrial sector point of view.

Income Tax Rates should be reduced. More in-hand savings is the expectation of common man India. The salaried class is the only class of taxpayers where tax planning opportunities are minimal. The only support in terms of tax saving is through the HRA deduction and perquisites provided by employers which are taxed at concessional rates. One will have to wait to see if this budget 2012-13 FM brings in some relief by increasing the conveyance allowance from Rs 800 per month (introduced way back in 1997) as compared to a situation today when one has to pay nearly Rs 800 for one taxi ride.

Undoubtedly, the deductions and concessions prescribed for salaries class have not kept pace with the inflationary trends which the country has witnessed. The medical reimbursement, which is exempted upto Rs. 15000 only should be increased because it is also one area which impacts the salaried class when medical costs have sky rocketed.

The rationalization of taxes, certain reforms in allowing more foreign investment in the economy will provide a better platform for the companies to reach its consumers.